



State of California

Employment Training Panel

Arnold Schwarzenegger, Governor

March 4, 2009

Pam Hogarth, Director of Industry Relations
Gnomon School of Visual Effects (Gnomon)
1015 Cahuenga Blvd.
Hollywood, CA 90038

Dear Ms. Hogarth:

RE: FINAL MONITORING REPORT for GNOMON SCHOOL OF VISUAL ARTS (ET07-0274)

Date of the Visit:	02/04/09 (on-site) & 03/03/09 (desk review)
Beginning/Ending Time:	9:30 a.m. to 1:00 p.m. & 2:00 to 3:30 p.m.
Date of Last Visit:	08/18/08
Visit Location:	Hollywood
Persons in attendance:	Pam Hogarth, Director of Industry Relations, Gnomon Alegria Castro, Assistant Director Admin., Gnomon Lan Vuong, Contract Analyst, ETP Margarita M. Paccarelli, Contract Analyst, ETP
Action Required:	No

CONTRACT INFORMATION:

Term of Agreement:	02/06/07 – 02/05/09	Agreement Amount:	\$199,625
Training Start Date:	02/06/07	No. to Retain:	125
Date Training must be Completed:	11/05/08	Range of Hours:	30 - 120
Type of Trainee:	Retrainee	Weighted Ave. Hours:	60

FINAL MONITORING SUMMARY

A Final Monitoring Visit was conducted on February 4, 2009. However, the Analyst was unable to closeout the contract at that time due to several action items found during the records review. Your staff requested additional time to go over the records since their administrative

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ETP (04/15/05)

subcontractor was not present during the meeting. The Analyst gave your staff an opportunity to review the training records, make the necessary corrections, and provide ETP any documentation relating to the cited records. The corrected rosters were submitted to the Analyst via fax on March 3, 2009 and a desk review was completed on March 4, 2009. This will be discussed further under "Training Records" on page 4.

• HISTORY OF AGREEMENT CHANGES

The Agreement was executed on February 28, 2007 and training began on February 6, 2007. You reported that some training was completed on November 5, 2008, which allowed for the 90-day retention period to be completed within the term ending date of the Agreement - February 5, 2009. However, you mentioned that there were approximately 12 trainees who completed training and started their retention during the contract term, but will complete the 90-day retention after February 5, 2009. You sent a request to ETP on October 16, 2008 requesting to allow these trainees to complete their retention beyond the contract term. Due to the three month writer's strike that occurred during the course of the Agreement, you stated that it severely impacted the trainees' ability to complete the training plan and retention within the term of the Agreement. You also stated that Gnomon's training is delivered on a semester basis and trainees involved in the strike were unable to attend training during that time. After the strike, these trainees completed training and started their retention during the contract term. ETP approved your request for these trainees to complete their retention beyond the contract term. This is a one-time approval only and does not set precedence on your other ETP contracts.

During the term of this Agreement, ETP approved the following modifications:

- Technical Error Correction, approved on June 5, 2007, reduced the minimum class/lab hours from 30 to 24.
- Modification 2, approved on December 24, 2007, increase the maximum class/lab hours from 120 to 200 based on employers demand for more training.

• FINAL PROJECT STATISTICS

Your Agreement contains a variable training plan, which means that reimbursement will be based on the total actual number of training hours completed by each trainee between 24 and 200 training hours. There will be no reimbursement for any trainee who does not complete a minimum of 24 hours of training from the approved curriculum.

Based on the data obtained from the ETP Online Tracking System, there are 107 trainees who met the minimum class/lab training hours and projected earnings will be \$140,062 (70%). Since your school has been paid \$100,687 to date, your school will receive an additional \$39,375, if the anticipated number to retain is verified during the final fiscal closeout.

Your project staff was provided technical assistance on how to do the final contract closeout and was advised that all active trainees must either be dropped or invoiced for final payment at this time. By the terms of the agreement the final contract closeout should be completed within 30 days of the end term date of the Agreement. Since the deadline has passed, ETP

is extending to another 30 days. The final contract closeout invoice and associated documents must be submitted to ETP on or before the close of business on April 6, 2009.

• INTERVIEW WITH CONTRACTOR'S REPRESENTATIVES

You informed the Analyst that participating employers benefited from training in a variety of ways including improved efficiencies, higher productivity and quality, better customer satisfaction, and improved technical skills of employees. You forwarded several testimonials from participating employers attributable to the ETP program provided by Gnomon:

- Treyarch (Santa Monica) is a video game developer. Out of 246 employees, 48 trainees were sent to Gnomon for ETP training. Company representative stated that the training allowed their artists to come up to speed with new software in time to meet its tight deadlines which is very important in this highly-competitive industry.
- New Wave Entertainment (Burbank) is a content development and production enterprise producing DVD special features and direct-to-DVD projects, new and interactive media projects, network and cable television shows, feature films, and manages on-screen, and behind-camera talent. There were eight trainees from this company who participated in the ETP training. A company representative stated that the ETP program made it possible for their company to send their CG artists for training in the latest technologies, furthering their professional skills, and at minimal to no cost to them. They stated that because Gnomon only hires well-known visual effects professionals, proven experts highly regarded within the visual effects community, the trainees were exposed to professionals with extensive real-world experience. The skills gained by their employees have greatly improved their ability to meet our client's demands in a timely and cost-effective manner.
- Flight 33 Productions (Sherman Oaks) is an independent television production company that produces documentaries for cable television. Five trainees participated in the ETP program at Gnomon. Company representative stated that the ETP training provided them the knowledge and expertise in high-end digital projection and computer graphics with the latest software and hardware technology they learned from Gnomon. The training greatly benefitted the company, particularly now that it is producing its second season of *The Universe* and the new series *Battle 360* for the History Channel.
- Gentle Giant Studios (Burbank) is a media company engaged in 3D scanning, stereolithography, maquette sculpture, and custom digital models. There were 13 trainees who participated in the ETP program at Gnomon. According to Brian Sunderlin, Vice-President, the company's roots are in practical sculptural techniques. With the incorporation of 3D scanning and digital modeling in the industry, the company has been ushered into the digital age at a rapid pace. In order for its staff of traditional artists to make the transition from practical to CGI, professional instruction became a necessity. The ETP program at Gnomon made it possible for the company to help their employees broaden their knowledge and acquire advanced skills where they might not have otherwise been able to. He stated that the net result of the ETP training was a very positive growth experience for its staff and an imperative as it pertains to job security for them in an ever-evolving digital environment.

Lastly, you stated that your staff did not experience any problem with the ETP processes and online systems and that ETP staff was very helpful in providing assistance during the development and monitoring of this Agreement.

PROJECT STATISTICS PROVIDED BY THE CONTRACTOR:

Trainees Started Training:	118	Completed Training:	107
Trainees Enrolled:	118	Completed Retention:	107
Dropped Following Enrollment:	11	In Retention Period:	0
Currently in Training :	0		

TRAINING RECORDS

On February 4, 2009, ETP Analysts conducted a random sampling of 22 trainees who met the required minimum hours of training. Records show that these trainees completed between 24 and 135 class/lab training hours and the completed hours matches those posted on the ETP Online Tracking System. Although records show that 15 trainees completed the training hours posted online, the Analysts were unable to verify training hours of seven trainees as follows:

- Roster nos. 23 and 30 – course title listed ETP LAB. The course title should be the actual topic as listed on the curriculum, not the methodology. Please add this info to the roster.
- Roster nos. 33, 39, 44 and 45 were missing - hours were posted online, but we can't find the attendance rosters.
- Roster no. 51 dated 8/18/08 - Sabrina Silver received credit for 3 hours, but she did not initial on the roster for that date.
- Roster no. 51 dated 9/8/08 (3 hours) – hours posted online for this date, but this date is missing on the roster
- Roster nos. 32 and 38 – please list the full date (month, day, year)

Copies of rosters that were missing or have incomplete information were sent to the Analyst via fax on March 3, 2009 and a desk review was completed that day. Records reviewed confirmed that the Agreement curriculum was provided as specified and the ratio of trainer to trainee delineated in the Agreement training plan was adhered to.

You were advised that the above findings are based only on the training records reviewed during this visit and represent only a sample of the training records completed to date. Therefore, it is your responsibility to ensure that all training records comply with Panel requirements.

AUDIT

Your school will be notified in writing if this agreement is selected for an audit that will be conducted either at your site (field audit) or by telephone if selected for a desk review. These notifications will be sent in advance to allow ample preparation time and will include a list of documentation that will be examined by the auditor. A list of the documentation typically

examined during an audit will be included along with the Audit Notification and Audit Confirmation letters.

To provide support of training, original training attendance documentation is required; photocopied records are not acceptable. Listed below are types of records typically requested during an ETP field audit:

- Training attendance records such as rosters, sign-in sheets, etc.
- Payroll records of individual trainees to verify wage and hours worked
- Personnel records regarding occupation and dates of employment
- Documentation of employer paid health benefits (if applicable)
- Cash receipts to verify receipt and accounting of ETP funds

RECORD RETENTION

Records must be retained within your control and be available for review at your place of business within the State of California. This responsibility will terminate no sooner than four (4) years from the date of the termination of the Agreement or three (3) years from the date of the last payment by ETP to the Contractor, or the date of resolution of appeals, audits, claims, exceptions, or litigation, whichever is later.

If you have any questions or comments regarding this report, please contact Margarita Paccereilli at (818) 755-1317 or by email at mpaccereilli@etp.ca.gov within ten (10) working days from the receipt of this report.

Sincerely,

Signature on file

Dolores Kendrick, Manager
North Hollywood Regional Office

Signature on file

Margarita M. Paccereilli, Contract Analyst
North Hollywood Regional Office

cc: David Guzman, Chief, Program Operations & Audits Division (via email)
Kulbir Mayall, Fiscal Manager (via email)
Master File
Project File

Date report mailed to Contractor 3/25/09